



# The Commonwealth of Massachusetts

## DEPARTMENT OF PUBLIC UTILITIES

### REVISED NOTICE OF INVESTIGATION AND REQUEST FOR COMMENTS

D.P.U. 07-50

July 26, 2007

Investigation by the Department of Public Utilities on its own Motion into Rate Structures that will Promote Efficient Deployment of Demand Resources.

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On June 22, 2007, the Department of Public Utilities ("Department") issued an Order opening an investigation into rate structures and revenue recovery mechanisms that may reduce disincentives to the efficient deployment of demand resources in Massachusetts ("Order"). Demand resources are installed equipment, measures or programs that reduce end-use demand for electricity or natural gas. Such measures include, but are not limited to, energy efficiency, demand resources, and distributed resources. This investigation was docketed as D.P.U. 07-50.

The investigation will review features of the current ratemaking practices by which electric and natural gas utilities in Massachusetts recover their costs. The investigation will consider whether and how existing mechanisms may be changed to better align gas and electric distribution companies' financial interests with customer interests, demand resources, price mitigation, environmental, and other policy objectives.

As part of the Order, the Department has presented a straw proposal for a base revenue adjustment mechanism. The proposed base revenue adjustment mechanism is designed to eliminate the current financial disincentives that electric and gas companies face regarding the deployment of customer-sited, cost-effective demand resources in their service territories. The proposed base revenue adjustment mechanism severs the link between electric and gas companies' revenues and sales and, instead, ties company revenues to the number of customers served. The Department's Order also includes a number of questions for commenters to address.

The Department has approved a request by the electric and gas companies to extend the deadline for initial comments in this proceeding. Accordingly, any person interested in commenting on this matter may submit written comments to the Department not later than the close of business (5:00 p.m.) on **Monday, September 10, 2007**. Interested persons may file comments on the issues and questions discussed in the Order or any issues related to this

investigation that are not specifically discussed in the Order. The Department anticipates that a number of persons will be interested in this proceeding. Therefore, the Department encourages interested persons to present consensus positions and submit comments jointly, when possible.

Comments may not exceed 50 pages in length. All comments must be accompanied by an executive summary. One original and 17 copies of all comments should be filed with Mary L. Cottrell, Secretary, Department of Public Utilities, One South Station - 2<sup>nd</sup> Floor, Boston, Massachusetts 02110. All comments also should be submitted to the Department in electronic format.

Electronic filings should be made using one of the following methods: (1) by e-mail attachment to [dpu.efiling@state.ma.us](mailto:dpu.efiling@state.ma.us); or (2) on a 3.5" disk or CD-ROM. The text of the e-mail, disk label, or CD-ROM must specify: (1) the docket number of the proceeding (D.P.U. 07-50); (2) name of the person or company submitting the filing, and (3) a brief descriptive title of the document. The electronic filing should also include the name, title and telephone number of a person to contact in the event of questions about the filing. Text responses should be created in either Corel WordPerfect, Microsoft Word, or Adobe Acrobat. Data or spreadsheet responses should be compatible with Microsoft Excel. The Department is unable to accept scanned files (including scanned "pdf" files) at this time. All documents submitted in electronic format will be posted on the Department's website: <http://www.mass.gov/dpu>.

Copies of the Department's Order and any filings are available for public inspection during regular business hours at the Department's offices, One South Station - 2<sup>nd</sup> Floor, Boston, Massachusetts 02110. In addition, the Department's Order and any electronic filings are available on the Department's website.